April 29, 2025

Titan Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fixed deposit programme	5,300.00	5,300.00	[ICRA]AAA (Stable); Reaffirmed
Short term - Commercial paper programme	2,500.00	2,500.00	[ICRA]A1+; Reaffirmed
Long-term /short-term - fund-based/ non-fund based facilities	5,200.00	5,200.00	[ICRA]AAA (Stable)/ [ICRA]A1+; Reaffirmed
Long-term - fund-based – Term Loans	1,000.00	1,000.00	[ICRA]AAA (Stable); Reaffirmed
Total	**14,000.00**	**14,000.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings reaffirmation considers Titan Company Limited's (Titan) continuing strong performance, which is expected to sustain over the medium term, on the back of its market leadership position in the organised jewellery and wristwatch segments. Besides, Titan has an established market position in the eyecare segment, coupled with its robust financial risk profile, notwithstanding an increase in leverage in the recent past. Titan's consolidated operating income grew by ~18% on a YoY basis to Rs. 45,540 crore in 9M FY2025 on the back of healthy double-digit growth in the jewellery (18%) and watches (16%) segments, aided by rising gold prices, coupled with store expansion and premiumisation. A similar growth in the consolidated revenue is estimated for the full year of FY2025, after a 26% growth in FY2024. Its operating profit margin moderated by ~170 bps on a YoY basis to 10.4% in FY2024 owing to higher discounts and other benefits passed on to customers to gain market share in the jewellery business. In 9M FY2025, its consolidated operating margin contracted by ~150 bps on a YoY basis to 9.1%, mainly attributable to a one-time loss of Rs. 543 crore due to a cut in the customs duty on gold import by 9% in July 2024 along with higher discounts provided to customers. Nevertheless, ICRA expects Titan's revenue growth and cash accruals to remain healthy, driven by accelerated formalisation of the jewellery retail industry, Titan's strong brand equity and planned expansion of its retail presence across the operating segments. Titan's operating margin is expected to remain above 10% over the medium term, with the benefits of operating leverage, prudent hedging practices and healthy revenue share of higher-margin studded jewellery despite rising competition and front-loaded operating expenses on planned store additions. The ratings continue to consider Titan's healthy brand equity and customer acceptance of its products along with the exceptional financial flexibility enjoyed by the company for being a part of the Tata Group.

The ratings, however, continue to factor in Titan's exposure to regulatory risks and intense competition in the domestic jewellery retail industry. Any unanticipated regulatory changes, as witnessed in the past, could have a material adverse impact on the business profile of the company. Nevertheless, ICRA draws comfort from the large size of the domestic jewellery industry, Titan's brand strength and accelerated formalisation of the industry, which translate into favourable long-term growth prospects for the company. ICRA notes that the company's consolidated leverage increased in FY2024 owing to substantial addition (~Rs. 3,500 crore) to long-term borrowings during the year in the form of non-convertible debentures (NCDs) and term loans mainly to fund the acquisition (~Rs. 4,700 crore) of an additional stake of 27.91% in the subsidiary, Caratlane Trading Private Limited (CTPL) and an increase in the working capital borrowings in tandem with scale expansion and gold price rally. Besides, adjustment of the acquisition cost for the additional stake of CTPL with reserves/ retained earnings negatively impacted Titan's consolidated net worth. Consequently, the net (adjusted for cash) total outside liabilities/tangible net worth increased to 2.0 times as on March 31, 2024 from 1.0 times in the preceding year. However, the scheduled repayment of a major portion of the long-term borrowings in FY2026 will reduce the overall debt and interest expenses, supporting the company's credit metrics.

The Stable outlook on the long-term rating reflects ICRA's opinion that Titan will be able to maintain a comfortable capital structure and healthy coverage metrics in the medium term, notwithstanding a moderation of the same in the recent past, while its strong competitive position, expanding retail presence and industry tailwind for organised jewellers are likely to keep its business profile comfortable.

Key rating drivers and their description

Credit strengths

Market leadership position in the branded jewellery and wristwatch industries with a large scale of operations – Titan has four operating segments in its retail business – jewellery, watches and wearables, eyecare and fragrances and fashion accessories. Besides, it provides engineering and automation solution through the subsidiary, Titan Engineering & Automation Limited (TEAL). While the jewellery segment accounts for almost 90% of Titan's consolidated operating income and EBIT, the other consumer retail segments and the engineering segment provide diversification and are likely to drive business growth over the medium term. The company maintains a geographically diversified retail presence with more than 3,300 retail stores as on March 31, 2025, including 23 overseas stores in the Gulf countries, the US and Singapore. Titan is India's leading jewellery retailer with a strong brand equity across its flagship brands namely Tanishq, Mia, Zoya and Caratlane. The jewellery segment's revenue rose at a CAGR of 23% between FY2019 and FY2024. Titan is also a dominant player in the Indian wristwatch industry with a wide distribution and service network, a diversified product portfolio across price segments and established brands like Titan, Fastrack, Sonata and Xylys. Planned retail expansion and pipeline of new product launches, including in the smart wearables sub-segment, are likely to continue to support business growth over the medium term.

Favourable long-term growth prospects for organised jewellery retailers – Increasing regulations in the jewellery retail industry, aimed at improving transparency and standardisation over the recent years, have accelerated the shift in the market share from unorganised to organised players. The industry tailwinds are expected to benefit the organised jewellery retailers like Titan over the medium term, supported by its strong brand equity and increasing retail presence. The customs duty cut by 9%, from 15%, in July 2024 is expected to disincentivise unofficial imports, thus benefiting the organised players.

Exceptional financial flexibility owing to strong parentage and healthy earnings to support the financial profile – Titan enjoys exceptional financial flexibility owing to its status as a Tata enterprise. The company has sizeable unsecured limits from banks, which can be utilised to meet incremental funding requirement, if any, providing a significant liquidity back-up. Historically, its capital structure remained conservative, which coupled with healthy earnings kept its debt coverage metrics strong. The capital structure has recorded some moderation due to debt-funded acquisition of the incremental stake in the subsidiary, CTPL, in FY2024 along with an increase in the working capital borrowings in tandem with a sharp rise in gold prices. The company's consolidated net worth has also been impacted due to adjustment of the cost of acquisition (~Rs. 4,700 crore) of the incremental stake in CTPL with reserves/retained earnings. Consequently, the consolidated net TOL/TNW (adjusted for cash) increased to 2.0 times as on March 31, 2024 from 1.0 times as on March 31, 2023. However, the same is likely to decline gradually, going forward, supported by healthy accretion to reserves and sizeable repayment of long-term debt in FY2026. The consolidated interest coverage declined to 8.6 times in FY2024 from 16.3 times in FY2023 and further moderated to 5.9 times in 9M FY2025 vis-à-vis 9.8 times in 9M FY2024 as the company's interest expenses increased with significant fresh borrowings. However, the interest expenses are likely to decline with sizeable debt repayment scheduled in FY2026, leading to an improvement in interest coverage to 8-9 times in FY2026 and FY2027 (estimated). Titan's operations are working capital intensive as a significant stock of gold jewellery needs to be maintained in its large number of stores. However, conservative gold sourcing and hedging strategies mitigate its financial risks. Its healthy profits at an absolute level kept the consolidated ROCE comfortable above 20% during the period from FY2022 to FY2024. The same is estimated to moderate to some extent in FY2025 due to the one-time loss arising from customs duty cut but would improve subsequently. The company's capital expenditure requirement for store expansion is likely to remain moderate compared to accruals, given the franchisee-based business model for most of the stores.

Credit challenges

Exposed to regulatory risks and seasonality in demand – The domestic jewellery retail industry remains exposed to the risks arising from the evolving regulatory landscape, which could have an adverse impact on Titan's business. Mandatory disclosure of PAN on transactions above a threshold limit, imposition of GST and demonetisation are some regulatory developments that impacted demand and supply in the past. Titan remains exposed to changes in regulations that may adversely impact its business. Revenues and cash flows of the jewellery players are also exposed to volatility in gold prices and seasonality in demand, based on the numbers of auspicious days, festivals, crop harvest etc.

Intense competition from organised and unorganised players – The jewellery retailing industry is highly fragmented and intensely competitive with presence of large organised and unorganised players, impacting pricing flexibility. Competition has increased in the recent years owing to continuous store addition by regional and national jewellers and entry of new players. Nonetheless, Titan's market leadership position along with a strong recall of its Tanishq, Zoya, Mia and Caratlane brands are expected to support its operating performance in the existing and new markets. While the performances of the watches and eyecare segments have improved after the pandemic, their business remains exposed to competition from local as well as e-commerce retailers.

Environmental and social risks

Environmental considerations – Exposure to environmental risks remains low for entities in the jewellery retail industry. Few concerns include episodes of excessive rainfall/ flooding in the operating regions, impacting its jewellery stores. Additionally, possibility of rural demand for jewellery moderating during periods of crop loss, caused by physical climate change, also pose risks to revenue growth and profitability.

Social considerations – Exposure to social risks remains moderate for entities in the jewellery retail industry. The sector has witnessed increased focus on product quality and transparency in pricing, which supported consumer confidence. Yet, the industry participants remain exposed to changes in consumer behaviour, including a shift towards less gold-intensive daily/ fashion jewellery. Additionally, with a relatively higher requirement of workforce for store operations and jewellery manufacturing, the level of wages and associated fixed costs could weigh on the margins, given the skilled nature of work.

Liquidity position: Strong

Titan's liquidity is expected to remain strong. Its consolidated cash flow from operations remained healthy at ~Rs. 964 crore in FY2024. The same is estimated to turn negative in FY2025 due to a significant rise in working capital requirement on the back of buoyant gold prices, however, the liquidity is likely to turn positive and remain healthy, going forward. The company's healthy liquidity buffer, with free cash, bank balance and liquid investments (more than Rs. 2,000 crore as on March 31, 2024) apart from sizeable unutilised bank limits (above Rs. 10,000 crore as of February 2025) support its liquidity. Exceptional financial flexibility, due to the strong parentage, eases Titan's access to capital markets and bank borrowings, as reflected by a large share of unsecured loans from lenders. Besides, advances received from customers under jewellery deposit/purchase schemes (~Rs. 3,400 crore including ~Rs. 2400 crore under deposit schemes as on March 31, 2024) meet a portion of Titan's working capital requirement. The company acquired an additional stake in its subsidiary, CTPL, in FY2024, for ~Rs. 4,700 crore, which was majorly funded by NCDs and term loans of ~Rs. 3,500 crore. A major portion of the long-term borrowings (Rs. 2,755 crore) is scheduled to be repaid in FY2026. Besides, the company pays sizeable dividends (nearly Rs. 1,000 crore paid annually over the last two fiscals), and its consolidated capex for retail store expansion and capacity expansion for the engineering segment is likely to remain nearly Rs. 400 crore per annum. However, the scheduled debt repayment and cash outlays towards dividend and capex would be comfortably met from healthy cash flow from operations expected, going forward, sizeable free cash and liquid investments and undrawn bank limits.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Pressure on Titan's ratings could arise if there is a significant impact on the company's operating performance because of regulatory changes or sustained pressure on demand, in turn resulting in a sustained deterioration in the financial risk profile of the company. Specific credit metrics for ratings downgrade include Net TOL/TNW of more than 1.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Jewellery - Retail
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of Titan Company Limited as detailed in Annexure II.

About the company

Titan Company Limited (Titan), formerly Titan Industries Limited, was incorporated in 1984 as a joint venture between the Tata Group and Tamil Nadu Industrial Development Corporation Limited (TIDCO). Titan is the market leader in the domestic branded jewellery industry (with brands like Tanishq, Zoya, Mia and Caratlane) and in the domestic wrist watches segment (with brands including Titan, Fastrack, Sonata and Xylys). In FY2024, the jewellery segment contributed 88% to the consolidated revenue and 92% to the consolidated EBIT of Titan.

As on March 31, 2025, the Tata Group and TIDCO held 25.02% and 27.88% stakes, respectively, in Titan, while the rest is held by institutional investors and public.

Key financial indicators (audited)

Titan Consolidated	FY2023	FY2024	9M FY2024*	9M FY2025*
Operating income	40,575	51,084	38,590	45,540
PAT	3,273	3,495	2,724	2,465
OPBDIT/OI	12.0%	10.4%	10.6%	9.1%
PAT/OI	8.1%	6.8%	7.1%	5.4%
Total outside liabilities/Tangible net worth (times)	1.3	2.3	-	-
Total debt/OPBDIT (times)	1.9	2.9	-	-
Interest coverage (times)	16.3	8.6	9.8	5.9

*Source: Company, ICRA Research; *Unaudited; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Apr 29, 2025	Date	Rating	Date	Rating	Date	Rating
Fixed deposits programme	Long term	5,300.00	[ICRA]AAA (Stable)	Apr-29-24	[ICRA]AAA (Stable)	Mar-27-24	[ICRA]AAA (Stable)	Jun-03-22	[ICRA]AAA (Stable)
		-	-	-	-	Aug-29-23	[ICRA]AAA (Stable)	Apr-29-22	MAAA (Stable)
		-	-	-	-	Apr-28-23	[ICRA]AAA (Stable)	Apr-04-22	MAAA (Stable)
Commercial paper programme	Short-term	2,500.00	[ICRA]A1+	Apr-29-24	[ICRA]A1+	Mar-27-24	[ICRA]A1+	Jun-03-22	[ICRA]A1+
		-	-	-	-	Aug-29-23	[ICRA]A1+	Apr-29-22	[ICRA]A1+
		-	-	-	-	Apr-28-23	[ICRA]A1+	Apr-04-22	[ICRA]A1+
Fund-based/ non-fund based facilities	Long-term/ short-term	5,200.00	[ICRA]AAA (Stable)/ [ICRA]A1+	Apr-29-24	[ICRA]AAA (Stable)/ [ICRA]A1+	Mar-27-24	[ICRA]AAA (Stable)/ [ICRA]A1+	Jun-03-22	[ICRA]AAA (Stable)/ [ICRA]A1+
		-	-	-	-	Aug-29-23	[ICRA]AAA (Stable)/ [ICRA]A1+	Apr-29-22	[ICRA]AAA (Stable)/ [ICRA]A1+
		-	-	-	-	Apr-28-23	[ICRA]AAA (Stable)/ [ICRA]A1+	Apr-04-22	[ICRA]AAA (Stable)/ [ICRA]A1+
Term Loans	Long-term	1,000.00	[ICRA]AAA (Stable)	Apr-29-24	[ICRA]AAA (Stable)	Mar-27-24	[ICRA]AAA (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Fixed deposit programme	Very simple
Commercial paper programme	Very simple
Fund-based/ non-fund based facilities	Simple
Term Loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fixed deposit programme	NA	NA	NA	5,300.00	[ICRA]AAA (Stable)
INE280A14401	Commercial paper	Mar 12, 2025	7.55%	May 13, 2025	1,000.00	[ICRA]A1+
INE280A14419	Commercial paper	Apr 9, 2025	6.45%	Jun 9, 2025	1,275.00	[ICRA]A1+
INE280A14427	Commercial paper	Apr 16, 2025	6.43%	Jun 16, 2025	225.00	[ICRA]A1+
NA	Fund-based/ non-fund based facilities	NA	NA	NA	5,200.00	[ICRA]AAA (Stable)/ [ICRA]A1+
NA	Term loan-I	FY2024	-	FY2027	400.00	[ICRA]AAA (Stable)
NA	Term loan-II	FY2024	-	FY2027	440.00	[ICRA]AAA (Stable)
NA	Term loan-III	FY2026	-	FY2029	160.00	[ICRA]AAA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis

Company name	Titan's ownership	Consolidation approach
Titan Engineering & Automation Limited (TEAL)	100%	Full consolidation
TCL Watches Switzerland AG (formerly known as Favre Leuba AG, Switzerland)#	100%	Full consolidation
Titan Commodity Trading Limited	100%	Full consolidation
Titan Holdings International FZCO, Dubai (THIF)	100%	Full consolidation
TCL North America Inc.	100%	Full consolidation
Caratlane Trading Private Limited (CTPL)	100%**	Full consolidation
Titan Global Retail L.L.C, Dubai (Subsidiary of THIF)	100%	Full consolidation
Titan International QFZ LLC, Qatar (Subsidiary of THIF)	100%	Full consolidation
TEAL USA Inc.* (Subsidiary of TEAL)	100%	Full consolidation
StudioC Inc (Subsidiary of CTPL)	100%	Full consolidation
Titan Watch Company Limited Hongkong* (Subsidiary of THIF)	100%	Full consolidation
Green Infra Wind Power Theni Limited	27%	Equity method

*Source: The company's annual report of FY2024 and quarterly results; *Did not start operation as on March 31,2024; subsidiary of Titan Engineering & Automation Limited; **Increased in FY2025 from 99.99% as on March 31, 2024; #Liquidated in March 2024*

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